

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature <i>Siegfried Crandall P.C.</i>			Date	

*Township of Almena*  
*Van Buren County, Michigan*  
**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**  
*Year ended March 31, 2005*

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## INDEPENDENT AUDITORS' REPORT

**Board of Trustees  
Township of Almena, Michigan**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Township of Almena, Michigan, as of March 31, 2005, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of Township of Almena, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Township of Almena, Michigan, as of March 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 9, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of April 1, 2004.

The budgetary comparison schedules, as listed in the contents, are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The Township of Almena, Michigan, has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Almena, Michigan, basic financial statements. The supplementary information, as listed in the contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Sigfried Crandall P.C.*

June 10, 2005

## **BASIC FINANCIAL STATEMENTS**

**Township of Almena**  
**STATEMENT OF NET ASSETS**  
*March 31, 2005*

	<u><b>Governmental activities</b></u>	<u><b>Business-type activities</b></u>	<u><b>Totals</b></u>
<b>ASSETS</b>			
Current assets:			
Cash	\$ 769,208	\$ 42,060	\$ 811,268
Receivables, net	68,654	1,474	70,128
Prepaid expenses	<u>72,351</u>	<u>-</u>	<u>72,351</u>
Total current assets	910,213	43,534	953,747
Noncurrent assets:			
Capital assets, net of accumulated depreciation	<u>914,174</u>	<u>-</u>	<u>914,174</u>
Total assets	<u>1,824,387</u>	<u>43,534</u>	<u>1,867,921</u>
<b>LIABILITIES</b>			
Current liabilities:			
Payables	10,360	2,093	12,453
Current portion of long-term debt	<u>22,161</u>	<u>-</u>	<u>22,161</u>
Total current liabilities	32,521	2,093	34,614
Noncurrent liabilities:			
Long-term debt	<u>343,956</u>	<u>-</u>	<u>343,956</u>
Total liabilities	<u>376,477</u>	<u>2,093</u>	<u>378,570</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	548,057	-	548,057
Restricted:			
Public safety	148,764	-	148,764
Public works	244,118	-	244,118
Culture and recreation	4,012	-	4,012
Unrestricted	<u>502,959</u>	<u>41,441</u>	<u>544,400</u>
Total net assets	<u>\$ 1,447,910</u>	<u>\$ 41,441</u>	<u>\$ 1,489,351</u>

*See notes to financial statements*

**Township of Almena**  
**STATEMENT OF ACTIVITIES**  
Year ended March 31, 2005

Functions/Programs	Program Revenues		
	<u>Expenses</u>	<u>Charges for services</u>	<u>Operating grants and contributions</u>
Governmental activities:			
Legislative	\$ 8,500	\$ -	\$ -
General government	250,335	10,640	-
Public safety	173,044	-	-
Public works	76,884	7,975	3,160
Community and economic development	37,705	-	-
Culture and recreation	926	-	192
Interest expense	<u>11,790</u>	<u>-</u>	<u>-</u>
Total governmental activities	559,184	18,615	3,352
Business- type activities:			
Public safety	<u>30,653</u>	<u>32,945</u>	<u>-</u>
Totals	<u>\$ 589,837</u>	<u>\$ 51,560</u>	<u>\$ 3,352</u>

General revenues:  
Taxes  
State grants  
Franchise fees  
Investment income  
Other

Total general revenues

Change in net assets

Net assets - beginning

Net assets - ending



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**Net (expenses)  
revenues and change in net assets**

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<b><u>Governmental activities</u></b>	<b><u>Business -type activity</u></b>	<b><u>Totals</u></b>
\$ (8,500)		\$ (8,500)
(239,695)		(239,695)
(173,044)		(173,044)
(65,749)		(65,749)
(37,705)		(37,705)
(734)		(734)
<u>(11,790)</u>		<u>(11,790)</u>
 (537,217)		 (537,217)
 -	 \$ 2,292	 2,292
  390,305	  -	  390,305
294,969	-	294,969
5,529	-	5,529
8,507	-	8,507
<u>1,255</u>	<u>-</u>	<u>1,255</u>
 700,565	 -	 700,565
 163,348	 2,292	 165,640
<u>1,284,562</u>	<u>39,149</u>	<u>1,323,711</u>
 \$ 1,447,910	 \$ 41,441	 \$ 1,489,351

See notes to financial statements

**Township of Alpena**  
**BALANCE SHEET - governmental funds**  
March 31, 2005

	<u>General</u>	<u>Road</u>	<u>Fire</u>	<u>Total nonmajor governmental funds</u>	<u>Total governmental funds</u>
<b>ASSETS</b>					
Cash	\$ 418,195	\$ 158,415	\$ 146,694	\$ 45,904	\$ 769,208
Receivables	53,785	7,362	7,362	145	68,654
Prepaid expenses	-	72,351	-	-	72,351
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	\$ 471,980	\$ 238,128	\$ 154,056	\$ 46,049	\$ 910,213
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Payables	\$ 5,068	\$ -	\$ 5,292	\$ -	\$ 10,360
Fund balances:					
Unreserved:					
Undesignated	466,912	238,128	148,764	46,049	899,853
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	\$ 471,980	\$ 238,128	\$ 154,056	\$ 46,049	\$ 910,213
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances					\$ 899,853

Amounts reported for *governmental activities* in the statement of net assets (page 4) are different because:

Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds.

914,174

Long-term debt used in *governmental activities* are not financial resources and, therefore, are not reported in the funds.

(366,117)

Net assets of *governmental activities*

\$ 3,257,976

**Township of Almena**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - governmental funds**

Year ended March 31, 2005

	<u>General</u>	<u>Road</u>	<u>Fire</u>	<u>Total nonmajor governmental funds</u>	<u>Total governmental funds</u>
<b>REVENUES</b>					
Taxes	\$ 148,647	\$ 120,829	\$ 120,829	\$ -	\$ 390,305
State grants	294,969	3,160	-	-	298,129
Charges for services	10,215	-	-	-	10,215
Interest	8,706	111	111	4	8,932
Other	6,784	-	-	8,167	14,951
Total revenues	<u>469,321</u>	<u>124,100</u>	<u>120,940</u>	<u>8,171</u>	<u>722,532</u>
<b>EXPENDITURES</b>					
Legislative	8,500	-	-	-	8,500
General government	218,981	-	-	-	218,981
Public safety	8,000	-	165,044	-	173,044
Public works	337	163,398	-	9,067	172,802
Community and economic development	37,705	-	-	-	37,705
Culture and recreation	-	-	-	926	926
Debt service:					
Principal	21,635	-	-	-	21,635
Interest	11,790	-	-	-	11,790
Capital outlay	5,020	-	-	8,995	14,015
Total expenditures	<u>311,968</u>	<u>163,398</u>	<u>165,044</u>	<u>18,988</u>	<u>659,398</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>157,353</u>	<u>(39,298)</u>	<u>(44,104)</u>	<u>(10,817)</u>	<u>63,134</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	163,000	13,000	2,065	178,065
Transfers out	(178,065)	-	-	-	(178,065)
Total other sources (uses)	<u>(178,065)</u>	<u>163,000</u>	<u>13,000</u>	<u>2,065</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>(20,712)</u>	<u>123,702</u>	<u>(31,104)</u>	<u>(8,752)</u>	<u>63,134</u>
<b>FUND BALANCES - BEGINNING</b>	<u>487,624</u>	<u>114,426</u>	<u>179,868</u>	<u>54,801</u>	<u>836,719</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 466,912</u>	<u>\$ 238,128</u>	<u>\$ 148,764</u>	<u>\$ 46,049</u>	<u>\$ 899,853</u>
Net change in fund balances - total governmental funds					\$ 63,134
Amounts reported for <i>governmental activities</i> in the statement of activities (page 5) are different because:					
Increased for:					
Capital assets acquired					108,267
Long-term debt principal repayment					21,635
Decreased for:					
Provision for depreciation					(29,688)
Change in net assets of <i>governmental activities</i>					<u>\$ 163,348</u>

See notes to financial statements

**Township of Almena**  
**STATEMENT OF NET ASSETS - proprietary fund**  
*March 31, 2005*

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	<b><u>Building Inspections</u></b>
<b>ASSETS</b>	
Cash	\$ 42,060
Receivable	<u>1,474</u>
Total assets	43,534
<b>LIABILITIES</b>	
Payables	<u>2,093</u>
<b>NET ASSETS - unrestricted</b>	<b><u>\$ 41,441</u></b>

*See notes to financial statements*

***Township of Almena***

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET  
ASSETS - *proprietary fund***

*Year ended March 31, 2005*

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	<b><i>Building Inspections</i></b>
<b>OPERATING REVENUES</b>	
Charges for services - licenses and permits	\$ 32,945
<b>OPERATING EXPENSES</b>	
Contracted services - inspections	<u>30,653</u>
<b>CHANGE IN NET ASSETS</b>	2,292
<b>NET ASSETS - BEGINNING</b>	<u>39,149</u>
<b>NET ASSETS - ENDING</b>	<u><u>\$ 41,441</u></u>

*See notes to financial statements*

**Township of Almena**  
**STATEMENT OF CASH FLOWS - proprietary fund**  
*Year ended March 31, 2005*

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	<u><b>Building Inspections</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 34,044
Payments for goods and services	<u>(30,725)</u>
Net cash provided by operating activities	3,319
<b>CASH - BEGINNING</b>	<u>38,741</u>
<b>CASH - ENDING</b>	<u><u>\$ 42,060</u></u>

*See notes to financial statements*

***Township of Almena***

**STATEMENT OF FIDUCIARY NET ASSETS - *agency fund***

***March 31, 2005***

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**ASSETS**

Cash	\$ <u>4,393</u>
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**LIABILITIES**

Payables	\$ <u>4,393</u>
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*See notes to financial statements*

**Township of Alpena**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies of the Township of Alpena, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

*a) Reporting entity:*

The accompanying financial statements present only the Township. There are no component units, entities for which the Township is considered to be financially accountable.

*b) Government-wide and fund financial statements:*

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the Township. The effect of inter-fund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary fund, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major individual enterprise fund are reported as separate columns in the fund financial statements.

*c) Measurement focus, basis of accounting, and financial statement presentation:*

The government-wide financial statements are reported using the economic resources, measurement focus, and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.



**Township of Almena**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

*c) Measurement focus, basis of accounting, and financial statement presentation (continued):*

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the government.

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Road Fund accounts for the financial resources used for the expansion and maintenance of roads within the Township. Revenues are primarily derived from connection fees and special assessments.

The Fire Fund accounts for the financial resources used for fire protection for the Township. Revenues are primarily derived from special assessments.

The Township reports a single proprietary fund, Building Inspection Fund, which accounts for operations (1) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector standards.

The Township reports a single fiduciary fund, Agency Fund, which accounts for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

**Township of Almena**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**c) *Measurement focus, basis of accounting, and financial statement presentation* (continued):**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds relate to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**d) *Assets, liabilities, and net assets or equity:***

i) *Bank deposits* - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled interest income is proportionately allocated to all funds.

ii) *Receivables* - In general, outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) *Prepaid items* - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

iv) *Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, other than infrastructure, are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning April 1, 2004.

Capital assets are depreciated or amortized using the straight-line method over the following useful lives:

Buildings and improvements	15 - 40 years
Equipment	3 - 5 years
Infrastructure	15 years

v) *Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Township of Almena**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**d) Assets, liabilities, and net assets or equity (continued):**

vi) *Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. The Township considers property taxes levied December 1 to be revenue of the current year.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:**

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year.

**NOTE 3 - CASH:**

The Township's cash is as follows:

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Fiduciary</u>	<u>Totals</u>
Cash	\$ <u>769,208</u>	\$ <u>42,060</u>	\$ <u>4,393</u>	\$ <u>815,661</u>

Deposits are carried at cost and are maintained at various financial institutions in the name of the Township. State statutes and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Township's deposits are in accordance with statutory authority. At March 31, 2005, the Township has deposits with a carrying amount of \$815,661 and a bank balance of \$821,800. Of the bank balance, \$16,656 is covered by federal depository insurance and \$805,144 is uninsured.

**NOTE 4 - RECEIVABLES:**

Receivables as of year end for the government's individual major, and nonmajor funds in the aggregate, are as follows:

<u>Fund</u>	<u>Property taxes</u>	<u>Special assessments</u>	<u>Inter- governmental</u>	<u>Totals</u>
General	\$ 8,587	\$ -	\$ 45,198	\$ 53,785
Road	7,362	-	-	7,362
Fire	7,362	-	-	7,362
Other governmental	<u>-</u>	<u>145</u>	<u>-</u>	<u>145</u>
Totals	\$ <u>23,311</u>	\$ <u>145</u>	\$ <u>45,198</u>	\$ <u>68,654</u>

All receivables are considered fully collectible.

**Township of Almena**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 5 - CAPITAL ASSETS:**

Capital asset activity for the year ended March 31, 2005, was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Governmental activities:				
Capital assets not being depreciated - land	\$ 62,588	\$ 2,195	\$ -	\$ 64,783
Capital assets being depreciated:				
Buildings and improvements	762,981	-	-	762,981
Equipment	75,806	3,303	-	79,109
Infrastructure	-	102,769	-	102,769
Subtotal	838,787	106,072	-	944,859
Less accumulated depreciation for:				
Buildings and improvements	44,605	15,110	-	59,715
Equipment	21,175	7,727	-	28,902
Infrastructure	-	6,851	-	6,851
Subtotal	65,780	29,688	-	95,468
Total capital assets being depreciated, net	773,007	76,384	-	849,391
Governmental activities capital assets, net	\$ 835,595	\$ 78,579	\$ -	\$ 914,174

Depreciation expense was charged to governmental activities as follows:

General government	\$ 22,837
Public works	6,851
Total	\$ 29,688

**NOTE 6 - NONCURRENT LIABILITIES:**

Long-term debt at March 31, 2004, is comprised of the following individual issues:

*Contract payable:*

\$400,000 Installment Purchase Agreement, payable in monthly installments of \$2,785, including interest at 3.12%; final payment due July 2018

\$ 366,117

**Township of Almena**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 6 - NONCURRENT LIABILITIES (Continued):

Long-term debt activity for the year ended March 31, 2005, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Governmental activities:					
Contract payable	\$ 387,752	\$ -	\$ (21,635)	\$ 366,117	\$ 22,161

At March 31, 2005, debt service requirements on long-term debt are follows:

<u>Year ended March 31,</u>	<u>Governmental activities</u>	
	<u>Principal</u>	<u>Interest</u>
2006	\$ 22,161	\$ 11,265
2007	22,872	10,554
2008	23,580	9,846
2009	24,363	9,063
2010	25,145	8,281
2011 - 2015	138,341	28,786
2016 - 2019	109,655	6,283
2021 - 2022	-	-
Totals	<u>\$ 366,117</u>	<u>\$ 84,078</u>

NOTE 7 - PAYABLES:

<u>Fund</u>	<u>Accounts</u>	<u>Accrued liabilities</u>	<u>Intergovern- mental</u>	<u>Totals</u>
Governmental activities:				
General	\$ 2,030	\$ 465	\$ 2,573	\$ 5,068
Fire	<u>5,292</u>	<u>-</u>	<u>-</u>	<u>5,292</u>
Total governmental activities	7,322	465	2,573	10,360
Business-type activities:				
Building Inspections	<u>2,093</u>	<u>-</u>	<u>-</u>	<u>2,093</u>
Total	<u>\$ 9,415</u>	<u>\$ 465</u>	<u>\$ 2,573</u>	<u>\$ 12,453</u>

**Township of Almena**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 8 - RISK MANAGEMENT:**

The Township is exposed to various risks of loss to general liability, property and casualty, and workers' compensation. The risks of loss arising from general liability up to \$2,000,000, building contents, workers' compensation, and casualty are managed through purchased commercial insurance.

**NOTE 9 - CHANGE IN ACCOUNTING PRINCIPLES:**

Effective April 1, 2004, the Township implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, along with all related statements and interpretations. In connection with the implementation of this statement, the following adjustments to beginning net assets have been made to reflect the cumulative effect of this accounting change:

Net assets as previously reported:	
General and special revenue funds	\$ 836,719
Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.	835,595
Long-term liabilities, including contracts payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(387,752)</u>
Net assets, as restated	<u>\$ 1,284,562</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

**Township of Almena**  
**BUDGETARY COMPARISON SCHEDULE - General Fund**  
Year ended March 31, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 145,750	\$ 149,050	\$ 148,647	\$ (403)
State grants	282,000	282,000	294,969	12,969
Charges for services	7,400	7,400	10,215	2,815
Interest	5,350	5,670	8,706	3,036
Other	14,220	6,600	6,784	184
Total revenues	<u>454,720</u>	<u>450,720</u>	<u>469,321</u>	<u>18,601</u>
<b>EXPENDITURES</b>				
Legislative	<u>8,612</u>	<u>8,612</u>	<u>8,500</u>	<u>112</u>
General government:				
Supervisor	22,262	22,262	17,370	4,892
Election	12,009	13,509	13,257	252
Assessor	28,000	28,000	23,628	4,372
Clerk	32,333	30,983	29,097	1,886
Board of review	2,538	2,538	1,687	851
Treasurer	33,333	33,333	32,932	401
Hall and grounds	29,791	34,591	26,917	7,674
Cemetery	12,149	12,149	10,241	1,908
Other	107,973	93,473	63,852	29,621
Total general government	<u>280,388</u>	<u>270,838</u>	<u>218,981</u>	<u>51,857</u>
Public safety - ambulance	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>-</u>
Public works:				
Drains	500	500	-	500
Street lights	<u>600</u>	<u>600</u>	<u>337</u>	<u>263</u>
	<u>1,100</u>	<u>1,100</u>	<u>337</u>	<u>763</u>
Community and economic development - planning and zoning	<u>40,297</u>	<u>44,297</u>	<u>37,705</u>	<u>6,592</u>
Culture and recreation - parks and recreation	<u>10,000</u>	<u>9,202</u>	<u>-</u>	<u>9,202</u>
Debt service:				
Principal	18,279	21,636	21,635	1
Interest	<u>10,864</u>	<u>11,790</u>	<u>11,790</u>	<u>-</u>
Total debt service	<u>29,143</u>	<u>33,426</u>	<u>33,425</u>	<u>1</u>



**Township of Almena****BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended March 31, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Capital outlay	\$ 9,000	\$ 9,000	\$ 5,020	\$ 3,980
Total expenditures	<u>386,540</u>	<u>384,475</u>	<u>311,968</u>	<u>72,507</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>68,180</u>	<u>66,245</u>	<u>157,353</u>	<u>91,108</u>
<b>OTHER FINANCING USES</b>				
Operating transfer out - Fire Fund	(13,000)	(13,000)	(13,000)	-
Operating transfer out - Road Fund	(163,000)	(163,000)	(163,000)	-
Operating transfer out - Nonmajor funds	<u>-</u>	<u>(2,065)</u>	<u>(2,065)</u>	<u>-</u>
Total financing uses	<u>(176,000)</u>	<u>(178,065)</u>	<u>(178,065)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(107,820)	(111,820)	(20,712)	91,108
<b>FUND BALANCES - BEGINNING</b>	<u>487,624</u>	<u>487,624</u>	<u>487,624</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 379,804</u>	<u>\$ 375,804</u>	<u>\$ 466,912</u>	<u>\$ 91,108</u>

**Township of Almena**  
**BUDGETARY COMPARISON SCHEDULE - Road Fund**  
Year ended March 31, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 113,800	\$ 113,800	\$ 120,829	\$ 7,029
State grants	3,000	3,000	3,160	160
Charges for services	350	350	-	(350)
Interest	300	300	111	(189)
Total revenues	117,450	117,450	124,100	6,650
<b>EXPENDITURES</b>				
Public works	275,000	165,000	163,398	1,602
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	(157,550)	(47,550)	(39,298)	8,252
<b>OTHER FINANCING SOURCES</b>				
Operating transfer in - General	163,000	163,000	163,000	-
<b>NET CHANGE IN FUND BALANCE</b>	5,450	115,450	123,702	8,252
<b>FUND BALANCE - BEGINNING</b>	114,426	114,426	114,426	-
<b>FUND BALANCE - ENDING</b>	<u>\$ 119,876</u>	<u>\$ 229,876</u>	<u>\$ 238,128</u>	<u>\$ 8,252</u>

**Township of Almena**  
**BUDGETARY COMPARISON SCHEDULE - Fire Fund**  
Year ended March 31, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 113,800	\$ 113,800	\$ 120,829	\$ 7,029
Interest	<u>200</u>	<u>200</u>	<u>111</u>	<u>(89)</u>
Total revenues	114,000	114,000	120,940	6,940
<b>EXPENDITURES</b>				
Public safety	<u>167,650</u>	<u>167,650</u>	<u>165,044</u>	<u>2,606</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	(53,650)	(53,650)	(44,104)	9,546
<b>OTHER FINANCING SOURCES</b>				
Operating transfer in - General	<u>13,000</u>	<u>13,000</u>	<u>13,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(40,650)	(40,650)	(31,104)	9,546
<b>FUND BALANCE - BEGINNING</b>	<u>179,868</u>	<u>179,868</u>	<u>179,868</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 139,218</u>	<u>\$ 139,218</u>	<u>\$ 148,764</u>	<u>\$ 9,546</u>

## **SUPPLEMENTARY INFORMATION**

**Township of Almena**  
**COMBINING BALANCE SHEET - nonmajor governmental funds**  
 March 31, 2005

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	<u>Special revenue funds</u>			
	<u>Special Assessment</u>	<u>Township Hall</u>	<u>Historical</u>	<u>Totals</u>
<b>ASSETS</b>				
Cash	\$ 5,845	\$ 36,047	\$ 4,012	\$ 45,904
Receivables	<u>145</u>	<u>-</u>	<u>-</u>	<u>145</u>
Total assets	<u>\$ 5,990</u>	<u>\$ 36,047</u>	<u>\$ 4,012</u>	<u>\$ 46,049</u>
<b>FUND BALANCE</b>				
Unreserved, undesignated	<u>\$ 5,990</u>	<u>\$ 36,047</u>	<u>\$ 4,012</u>	<u>\$ 46,049</u>

**Township of Almena**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - nonmajor governmental funds**

Year ended March 31, 2005

	<b>Special revenue funds</b>			
	<b>Special Assessment</b>	<b>Township Hall</b>	<b>Historical</b>	<b>Totals</b>
<b>REVENUES</b>				
Interest	\$ 4	\$ -	\$ -	\$ 4
Other special assessments	7,975	-	-	7,975
Donations	-	-	192	192
Total revenues	7,979	-	192	8,171
<b>EXPENDITURES</b>				
Public works	7,639	1,428	-	9,067
Recreation and cultural	-	-	926	926
Capital outlay	-	8,995	-	8,995
Total expenditures	7,639	10,423	926	18,988
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	340	(10,423)	(734)	(10,817)
<b>OTHER FINANCING SOURCES</b>				
Operating transfer in - General	2,065	-	-	2,065
<b>NET CHANGES IN FUND BALANCES</b>	2,405	(10,423)	(734)	(8,752)
<b>FUND BALANCE - BEGINNING</b>	3,585	46,470	4,746	54,801
<b>FUND BALANCE - ENDING</b>	\$ 5,990	\$ 36,047	\$ 4,012	\$ 46,049